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Producers 88 (4-89) — Paid-Up With 640 Acres Pooling Provision

PNum:28544.RDB

PAID-UP OIL & GAS LEASE

spaces) were prepared jointly by Lessor and Lessee

In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

A-715, C. T. Hilliard Survey, Masonic Home Addition, Second Filing
0.551 acres, more or less, situated in the C. T. Hilliard Survey, Abstract No. 715, Tarrant County, Texas, known as Lot 7, Block 23, Masonic Home Addition, Second
Filing, to the City of Fort Worth, Tarrant County, Texas, according to the Plat recorded in Volume 309, Page 37, Plat Records, Tarrant County, Texas, as described in
that certain General Warranty Deed dated August 19, 1948, from RAYMOND L. STEPHENSON and wife, ELIZABETH STEPHENSON to WILBURN EDWARD WINFIELD
and wife, MARY JANE WINFIELD, recorded in Volume 2027, Page 126, Official Public Records, Tarrant County, Texas.

in the County of <u>Tarrant</u>, State of TEXAS, containing <u>0.5510</u> gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term 'gas' as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

- Lessoe's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royaltiss hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary terry of THREE (8) years from the date hereof, and for as logge maintained in effect pursuant to the provisions hereof.

 3. Royalties on oil, gas and other substances produced and saved his force from the leased gremines for oil and sold his provisions separated at Lessee's separator facilities, the royalty shall be Taxonan. There there shall be paid by Lessee to Lessor as follows: (8) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead or to Lessor's credit et the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field for if there is no such price then prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be Taxona Taxona Beaceas (Taxona Beaceas (Taxona Beaceas) (Taxona Beaceas (Taxona Beaceas) (Taxona Beaceas (Taxona Beaceas) (Taxona Beacea
- 4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at Lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.
- 5. Except as provided for in Paragraph 3 above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in this lease is not otherwise being maintained in force it Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no coverant to drill exploratory wells or any additional wells except as expressly provided herein.
- organge by any west or wells located on other lands not pooled therewith. There shall be no coverant to drill exploratory wells or any additional wells except as expressly provided herein.

 6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or ot similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oit well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet pre barrel and "gas well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet pre barrel and "gas well" means a well with an initial gas-oil ratio of too. The purpose in the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations on which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the lease
- 7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and
- 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in change in ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be refleved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with re to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender s royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

- 9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or lender shut-in royalties shall be proportionately
- 9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lessee as to a full or undivided interest in all or any portion of the rare covered by this lessee or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay relader shurt-in royalities shall be proportionately reduced in accordance with the near careage interest relatined hereunder.

 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the lessed premises are any be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, inst, electric and telephone lines, power stations, and other facilities, injection wells, inst, electric and telephone lines, power stations, and other facilities by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the lessed premises correct and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the lessed premises or less possible promises of lessee, and less than all poly (a) to the entire lessed premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lesses, and (b) to any other lands in without sectors consent, and Lessee shall play the conduction of this lesses, and less than bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the lessed premises or such other lands, and to commercial timber and growing crop

- operations.

 17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of TWO (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this
 - 18. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original

16. In is lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE) Genald E. Winfreld P.O.A. Mary Jane Winfield **ACKNOWLEDGEMENT** STATE OF TEXAS COUNTY OF TARRANT 7 day of March This instrument was acknowledged before me on the GERALDE. Winfield Mary Jane Winfield Motary Public, State of Texas 595 Com Notary's name (printed): on expires: STANLEY D. STANFORD LANAY PURE Notary Public 28544 ORDB STATE OF TEXAS My Comm. Exp. April 13, 2014